

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 26, 2014

Advice Letter 4335--E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Approval of PG&E's request to extend Amendment to Existing Qualifying Facility Power Purchase Agreement for Procurement of Eligible Renewable Energy Resources from HL Power Company for one year.

Dear Mr. Cherry:

On April 19, 2012, the Commission issued Resolution E-4478, which approved an amendment to a 30-year Power Purchase Agreement (PPA) between PG&E and HL Power for energy from a 32 megawatt (MW) biomass facility. The amendment provided a price increase in exchange for an enhanced performance obligation for a period of three years, expiring on August 15, 2014. In addition, the amendment includes the option to extend for one year and a second option to further extend the amendment by another eleven months.

On December 26, 2013, PG&E filed Advice Letter (AL) 4335-E, requesting approval to extend that amendment for an additional 12 months beyond the contract expiration date.

In Resolution E-4478, the Commission identified a number of reasons for approving the agreement between HL Power Company and PG&E, including:

- Due to the economics of the facility, without the extension, the State could potentially lose a renewable biomass facility.
- HL Power provides Renewable Portfolio Standard ("RPS") eligible energy to PG&E and operates consistent with PG&E's need as identified in PG&E's 2011 RPS plan.
- The amendment is consistent with Executive order S-06-06 encouraging the use and production of biomass energy in the state.¹
- The performance requirements of the agreement promote reliable energy deliveries from the facility
- The price of the agreement is just and reasonable.
- For the reasons identified in Resolution E-4478, the facility is viable.

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In addition to approving the amendment, the Commission noted that it might be appropriate to extend the amendment beyond the initial 3-year term depending on PG&E's compliance position at the time and the state of the renewable energy market.² In AL 4335-E, PG&E argues that extending the amendment for 12 months would provide benefits to ratepayers under current market conditions and would be consistent with state policy on promoting biomass energy generation. Energy Division staff reviewed PG&E's AL 4335-E and determined that it is in compliance with the Commission's guidance as provided in Resolution E-4478 and is consistent with state policy. Since there were no protests and no material changes to the original agreement, Advice Letter 4335-E is effective June 1, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read "ER", with a long, sweeping horizontal line extending to the right.

Edward Randolph
Director, Energy Division



December 26, 2013

Advice 4335-E

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Option to Extend Amendment to Existing Qualifying Facility Power Purchase Agreement for Procurement of Eligible Renewable Energy Resources Between HL Power Company and Pacific Gas and Electric Company

I. INTRODUCTION AND SUMMARY OF REQUEST

Pacific Gas and Electric Company (“PG&E”) seeks California Public Utilities Commission (“CPUC” or “Commission”) approval of PG&E’s election to exercise the option to extend an amendment (“Amendment”) to a Qualifying Facility (“QF”) Interim Standard Offer No. 4 Power Purchase Agreement (“PPA”) with HL Power Company (“HL Power”) (together, the “Parties”). The Amendment became effective on August 16, 2011 and was approved by the Commission in Resolution E-4478 on April 19, 2012. The Amendment has an initial term of three years, and includes an option to extend the Amendment term by one year and a second option to further extend the Amendment for another eleven months.

The initial Amendment term expires on August 15, 2014. PG&E and HL Power have entered into an agreement for PG&E to exercise its option to extend the Amendment for one year, from August 16, 2014 to August 15, 2015, subject to Commission approval of PG&E’s decision to exercise its first extension option (“Extension Agreement”). In this advice letter, PG&E seeks approval of the Extension Agreement and its decision to exercise the option to extend the Amendment for a year.

PG&E requests that the Commission issue a resolution no later than June 1, 2014, that approves the Extension Agreement without modification and thereby approves PG&E’s election to exercise its initial one-year option to extend the Amendment as reasonable and prudent.

II. BACKGROUND

HL Power operates a 32 megawatt (“MW”) biomass generating facility located in Wendel, California (“Facility”).¹ The existing PPA is a 30-year Interim Standard Offer 4 contract that was originally developed as part of the PG&E’s QF program and expires on September 15, 2019. HL Power has delivered electricity generated by the Facility under the PPA since the Facility began operations in July 1989 and it started providing firm capacity in September 1989.

In 2010, HL Power indicated to PG&E that the PPA’s terms and conditions were uneconomic for HL Power to continue to operate the Facility. On September 12, 2011, PG&E and HL Power executed the Amendment, which provided a price increase in exchange for enhanced performance obligations. On November 16, 2011, PG&E filed Advice Letter 3949-E seeking approval of the Amendment.

The Commission approved the Amendment in Resolution E-4478, which was issued April 19, 2012 (“Resolution”). The Commission identified a number of reasons for approving the Amendment, including: (1) without the Amendment, the Facility may cease operation; (2) the Facility provides Renewable Portfolio Standard (“RPS”)-eligible energy to PG&E and continued operation of the Facility was consistent with the RPS need identified in PG&E’s 2011 RPS Plan; (3) the Amendment is consistent with Executive Order S-06-06 encouraging the use and production of biomass energy; (4) the performance requirements in the Amendment “promote more reliable deliveries” from the Facility; (5) the Amendment price was sufficient to ensure continued operation of the Facility and was reasonable compared to 2011 RPS Request for Offers (“RFO”) offers; and (6) the Facility was viable.² The Commission also determined that the Amendment and PG&E’s advice letter were consistent with Commission precedent and requirements of the QF/CHP Program Settlement, which at the time was approved by the CPUC but pending effectiveness.³

With regard to the options to extend the Amendment beyond the initial three-year term, the Commission noted:

We agree with PG&E that it may be appropriate to extend the amendment terms for as much as one year and eleven months beyond the initial 3-year period, with the prudence of that decision depending on PG&E’s compliance position at that time, and the state of the renewable energy market. In light of this we believe the option to extend the [Amendment] term is reasonable and preserves the ability to retain the generation if needed.⁴

¹ See PG&E’s July 2010 Cogeneration and Small Power Production Semi-Annual Report, <http://www.pge.com/includes/docs/pdfs/b2b/qualifyingfacilities/cogeneration/jul2010cogen.pdf>.

² Resolution at pp. 8-10.

³ Resolution at pp. 5-6 (advice letter consistent with Commission filing requirements); p. 6 (amendment consistent with Qualifying Facility and Combined Heat and Power (“QF/CHP”) Program Settlement); pp. 6-7 (Amendment includes all relevant RPS non-modifiable standard terms and conditions).

⁴ Resolution at p. 10.

The Commission also explained that the decision to extend the Amendment should be “based on an assessment of need and value at that time”⁵

In September 2013, PG&E and HL Power commenced discussions regarding the extension of the Amendment. These discussions resulted in the Extension Agreement, which is included as Appendix A to this advice letter.⁶ Under the Extension Agreement, PG&E agrees to exercise the first option to extend the Amendment for an additional twelve months, subject to Commission approval. To the extent PG&E’s request for Commission approval is still pending when the initial three-year term of the Amendment expires (*i.e.*, on August 15, 2014), HL Power shall be entitled to the PPA price from August 16, 2014 until Commission approval of the Extension Agreement. If the Commission approves the Extension Agreement, PG&E will pay HL Power the difference between the amount paid prior to Commission approval and amount that PG&E would have paid HL Power based on the Amendment price. If the Commission does not approve the Extension Agreement, the Amendment and the Extension Agreement will both terminate.

III. EXTENDING THE AMENDMENT FOR AN ADDITIONAL TWELVE MONTHS IS BENEFICIAL TO PG&E CUSTOMERS

When the Commission approved the Amendment, it indicated that PG&E should evaluate the “need and value” of the Amendment at the time the initial three-year period was set to expire in determining whether to exercise the extension option. PG&E has performed this evaluation and determined that extending the Amendment for an additional twelve months is reasonable and in the interests of PG&E’s customers.

PG&E is not basing its recommendation to extend the Amendment primarily on the fact that the Facility provides RPS-eligible energy. Since the Amendment was originally executed in 2011, the implementation of Senate Bill 2(1x) has advanced significantly and PG&E has contracted for additional RPS-eligible resources. However, the continued operation of the Facility is beneficial because it provides resource diversity to PG&E’s RPS portfolio (*i.e.*, biomass resources versus solar or wind resources). Moreover, when the Commission approved the Amendment, it discussed a number of benefits in addition to RPS-eligible deliveries. These benefits, as well as other benefits that PG&E considered in deciding whether to exercise the option to extend the Amendment, support the Extension Agreement. Below, PG&E describes some of the benefits of extending the Amendment. Additional confidential information regarding these benefits is included in Confidential Appendix B.

A. The Amendment Provides Operational and Reliability Benefits

HL Power is important to area operations during planned and unplanned transmission line outage conditions. Currently, planned line outages must be accompanied by planned customer outages in order to restrict loading on the alternate transmission line source, Caribou-Westwood. With up to 5,000 PG&E and 10,000 Lassen Municipal Utility District customers in the local area, the customer impact could be significant. For unplanned line outages, the alternate transmission line

⁵ Resolution at p. 8.

⁶ The Extension of the Second Amendment to Standard Offer Power Purchase Agreement Between HL Power and PG&E (PG&E Log # 10P005) is provided as Appendix A.

source cannot restore all customers. Customers would simply remain without electricity until the Caribou-Westwood line can be restored. This is more of a concern in this area since it experiences frequent and long duration outages. Unplanned outages occur more frequently during winter and summer peak periods due to weather and fire, respectively. Additional information regarding operational and reliability benefits is provided in Confidential Appendix B.⁷

In addition to the transmission-related benefits provided by the Facility, the Amendment also includes a number provisions that increase HL Power's obligations to meet production requirements and provide delivery schedules and notification of planned or forced. These provisions are described in more detail in Confidential Appendix B. These provisions provide additional operational and scheduling benefits that do not exist in the PPA, and were cited by the Commission when it originally approved the Amendment.⁸

B. HL Power Has Operated Consistent With The Amendment

As explained in more detail in Confidential Appendix B, HL Power has operated the Facility consistent with the terms of the Amendment since the Amendment went into effect.⁹

C. The Facility May Cease or Substantially Reduce Operation if the Amendment Is Not Extended

The Facility is already built and interconnected to the electric grid, and will not pose any of the environmental concerns associated with the construction and interconnection of a new generating facility. In addition, the Amendment has allowed HL Power to directly preserve about 25 jobs in Lassen County. HL Power informed PG&E that an additional 30 jobs connected to the operations of the Facility may be at risk if the Facility shuts down.¹⁰ Confidential Appendix C attached to this advice letter is a declaration from Hugh Smith, President of RED-Honey Lake II, LLC, the General Partner of HL Power. In his declaration, Mr. Smith explains in more detail the financial impact on HL Power if the Amendment is not extended and concludes that it is likely that the Facility would shut down absent the Extension Agreement.¹¹

D. Continued Operation of the Facility Is Consistent With Executive Order S-06-06

HL Power is a biomass generation facility. Its continued operation is consistent with Executive Order S-06-06. Mr. Smith's declaration, included as Confidential Appendix C, notes that the

⁷ See Confidential Appendix B, § 4.

⁸ *Id.*, § 1.

⁹ *Id.*, § 2.

¹⁰ See Confidential Appendix C, ¶ 4.

¹¹ *Id.*, ¶ 6.

fuel source for the facility is biomass product resulting primarily from in-forest residuals, land clearing, and waste wood products.¹²

E. HL Power Has Had A Good Safety Record During The Amendment Period

In Confidential Appendix C, Mr. Smith attests that HL Power maintains an excellent safety record, with no OSHA recordable days and no lost time accidents during the Amendment period.¹³ In addition, Section A-3.2 of the PPA states that the “Seller shall operate and maintain its Facility according to prudent electrical practices, applicable laws, orders, rules, and tariffs and....” Prudent electrical practices is defined in Appendix A of the PPA as “those practices, methods and equipment and changed from time to time, that are commonly usedto operate electric equipment lawfully and with safety....”

IV. PG&E HAS SATISFIED THE COMMISSION’S PROCEDURAL REQUIREMENTS

A. Procurement Review Group Participation

On November 12, 2013, PG&E discussed extending the Amendment with its Procurement Review Group (“PRG”).

B. Independent Evaluator

As the Commission explained when it initially approved the Amendment, an Independent Evaluator (“IE”) was not required in this circumstance.¹⁴ PG&E voluntarily elected to use an IE when it negotiated the Amendment. However, given that the Commission has already determined that the Amendment is reasonable, and given the limited duration of the extension, PG&E did not retain an IE to review the decision to exercise the extension option. Retaining an IE would have resulted in additional customer costs and would have provided limited benefits in this circumstance.

C. Advice Letter Filing

The filing of an advice letter seeking approval of the Extension Agreement, which is related to an amendment of a QF PPA, is consistent with Commission procedures and Decisions 06-12-009 and 07-09-040.¹⁵

¹² *Id.*, ¶ 3.

¹³ *Id.*, ¶ 5.

¹⁴ Resolution at p. 10.

¹⁵ Resolution at p. 5 (explaining Commission process for seeking approval of amendments to QF PPAs).

V. EFFECTIVE DATE AND REQUEST FOR CONFIDENTIAL TREATMENT**A. Requested Effective Date**

PG&E requests that this advice filing be approved on or before June 1, 2014 with an effective date of June 1, 2014. The initial three-year term of the Amendment expires on August 15, 2014. However, HL Power needs to know as soon as possible whether the Amendment will be extended so that it can make decisions regarding the continued operation of the facility, as well as decisions about forward fuel purchases. If the Commission does not approve the Extension Agreement, HL Power may significantly reduce production from the facility or shut it down altogether. Because of the significant impact of the Commission's decision on HL Power's continued operation of the Facility, PG&E requests that the Commission issue its decision two months in advance of the end of the initial term of the Amendment. A decision by June 1, 2014 gives the Commission sufficient time to review this advice letter, and also gives HL Power sufficient notice to make decisions regarding the continued operation of the Facility.

B. Request for Confidential Treatment

In support of this advice letter, PG&E provides the following confidential supporting documentation:

- Confidential Appendix B – Discussion of Confidential Information Regarding the Extension Agreement
- Confidential Appendix C – Declaration of Hugh Smith (RED-Honey Lake II, LLC)

VI. REQUEST FOR COMMISSION APPROVAL

PG&E requests that the Commission issue a resolution no later than June 1, 2014, that approves the Extension Agreement without modification and thereby approves PG&E's election to exercise its initial one-year option to extend the Amendment as reasonable and prudent.

Protests:

Anyone wishing to protest this filing may do so by sending a letter by January 15, 2014, which is twenty (20) days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and it should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Rule 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Rule 3.11).

Effective Date:

PG&E requests that this Tier 3 advice letter be approved on or before June 1, 2014 with an effective date of **June 1, 2014**.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.12-03-014. Address changes to the General Order 96-B service list should be directed to PG&E at e-mail address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Brian Cherry /IG

Vice President – Regulatory Relations

Public Attachments:

Attachment 1: Declaration and Matrix of Harold J. Pestana Seeking Confidential Treatment Pursuant to D.08-04-023 and D.06-06-066

Appendix A: Extension of the Second Amendment to Standard Offer Power Purchase Agreement Between HL Power and PG&E (PG&E Log # 10P005)

Confidential Attachments:

Appendix B: Discussion of Confidential Information Regarding the Extension Agreement

Appendix C: Declaration of Hugh Smith (RED-Honey Lake II, LLC)

cc: Service List for R.12-03-014
Damon Franz, Energy Division, CPUC
Jason Houck, Energy Division, CPUC
Cem Turhal, Energy Division, CPUC
Noel Crisostomo, Energy Division, CPUC
Chris Ungson, DRA, CPUC

Limited Access to Confidential Material:

The portions of this advice letter marked Confidential Protected Material are submitted under the confidentiality protections of Sections 583 and 454.5(g) of the Public Utilities Code and General Order 66-C. A separate Declaration Seeking Confidential Treatment regarding the confidential information is being submitted with this advice letter in accordance with D.08-04-023. This material is protected from public disclosure pursuant to D.06-06-066 because it consists of, among other items, the contract itself, price information, and analysis of the proposed energy procurement contract, which includes the following documents:

- Confidential Appendix B – Discussion of Confidential Information Regarding the Extension Agreement
- Confidential Appendix C – Declaration of Hugh Smith (RED-Honey Lake II, LLC)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Igor Grinberg

Phone #: (415) 973-8580

E-mail: ixg8@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **4335-E**

Tier: **3**

Subject of AL: **Option to Extend Amendment to Existing Qualifying Facility Power Purchase Agreement for Procurement of Eligible Renewable Energy Resources Between HL Power Company and Pacific Gas and Electric Company**

Keywords (choose from CPUC listing): Agreements, Portfolio

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Yes. See the attached matrix that identifies all of the confidential information.

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No All members of PG&E's Procurement Review Group who have signed nondisclosure agreements will receive the confidential information.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Harold J. Pestana, (415) 973-4523

Resolution Required? Yes No

Requested effective date: **June 1, 2014**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian Cherry
Vice President, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
E-mail: PGETariffs@pge.com

PACIFIC GAS AND ELECTRIC COMPANY

**DECLARATION OF HAROLD PESTANA IN SUPPORT OF
CONFIDENTIAL TREATMENT OF CERTAIN DATA AND INFORMATION
CONTAINED IN PG&E'S ADVICE LETTER REQUESTING APPROVAL OF
PG&E'S EXERCISE OF ITS OPTION TO EXTEND AMENDMENT TO EXISTING
POWER PURCHASE AGREEMENT BETWEEN HL POWER COMPANY AND
PACIFIC GAS AND ELECTRIC COMPANY (ADVICE 4335-E)**

I, Harold Pestana, declare:

1. I am currently employed by Pacific Gas & Electric Company ("PG&E") as a Senior Manager within PG&E's Energy Procurement organization. I have been employed by PG&E since 1997, and during that time I have acquired knowledge of PG&E's contracts with numerous counterparties and knowledge of the operations of gas and electric sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electric sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary. I can also identify information that buyers and sellers of electricity would consider to be "market sensitive information" as defined by California Public Utilities Commission ("CPUC") Decision ("D.") 06-06-066 and D.09-12-020, that is, information that has the potential to materially impact a procuring party's market price for electricity if released to market participants.

2. Decision 08-04-023, ordering paragraph 8, requires that any advice letter containing information for which confidential treatment is requested must be accompanied by a declaration under penalty of perjury that justifies confidential treatment pursuant to D.06-06-066. Based on my knowledge and experience, I make this declaration seeking confidential treatment of Confidential Appendices B and C to PG&E's Advice 4335-E ("Confidential Information").

3. The Appendices are as follows:

Attachment 1:	Declaration of Harold J. Pestana Seeking Confidential Treatment Pursuant to D.08-04-023 and D.06-06-066
Appendix A:	Extension of the Second Amendment to Standard Offer Power Purchase Agreement Between HL Power and PG&E (PG&E Log # 10P005)
Confidential Appendix B:	Discussion of Confidential Information Regarding the Extension Agreement
Confidential Appendix C:	Attestation of Hugh Smith (RED-Honey Lake II, LLC)

4. Attached to this declaration is a matrix that describes the Confidential Information for which PG&E seeks continued protection against public disclosure; states whether PG&E seeks to protect the confidentiality of the Confidential Information pursuant to D.06-06-066 and/or other authority; and if PG&E seeks protection under D.06-06-066, the category of market sensitive information in D.06-06-066 Appendix I Matrix (“IOU Matrix”) to which the Confidential Information corresponds.

5. The attached matrix demonstrates that the Confidential Information (1) constitutes a particular type of confidentiality-protected data listed in the IOU Matrix; (2) corresponds to a category or categories of market sensitive information listed in the IOU Matrix; (3) may be treated as confidential consistent with the limitations on confidentiality specified in the IOU Matrix for that type of data; (4) is not already public; and (5) cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure . In the column labeled, “PG&E’s Justification for Confidential Treatment”, PG&E explains why the Confidential Information is not subject to public disclosure under either or both D.06-06-066 and General Order 66-C. The confidentiality protection period is stated in the column labeled, “Length of Time.”

6. By this reference, I am incorporating into this declaration all of the explanatory text in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that to the best of my knowledge, the foregoing is true and correct.

Executed on December 23, 2013, at San Francisco, California.

/s/

HAROLD J. PESTANA

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
APPROVAL OF THE OPTION TO EXTEND AMENDMENT TO POWER PURCHASE AGREEMENT BETWEEN
HL POWER COMPANY AND PACIFIC GAS AND ELECTRIC COMPANY(ADVICE 4335-E)
SUBMITTED ON DECEMBER 26, 2013**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Confidential Appendix B: Discussion of Confidential Information Regarding the Extension Agreement	Y	Item VII - Bilateral Contract Terms and Conditions - Electric, Section B (Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS))	Yes	Yes	Yes	This attachment explains, and therefore reveals, the specific terms of the contract between PG&E and HL Power. Contract terms other than counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract and online date are confidential for three years from date contract states deliveries are to begin.	3 years
Confidential Appendix C: Attestation of Hugh Smith, RED-Honey Lake II, LLC	N	General Order 66-C	No	Yes	N/A	This Appendix consists of a declaration from an officer of the corporation that owns the Facility that cites non-public information, including a detailed financial information of the Facility that if disclosed would cause harm to the counterparty. Disclosure of this Appendix could undermine PG&E's ability to bargain on behalf of its customers, the Appendix should remain confidential for three years.	Indefinite

Pacific Gas and Electric Company
Advice 4335-E
Appendix A
Extension of the Second Amendment between PG&E and
HL Power Company



*Pacific Gas and
Electric Company*

Marino Monardi
Director
Portfolio Management

77 Beale Street, Rm. 2525H
San Francisco, CA 94105

Mailing Address:
Mail Code B25H
P.O. Box 770000
San Francisco, CA 94177

415.973.8573
Fax: 415.973.9176
Email: M3MT@pge.com

HL Power Company, a California Limited Partnership
Attention: Hugh Smith
C/o 2600 Capitol Avenue
Suite 430
Sacramento, California 95816

Re: Extension of the Second Amendment executed on 9/12/2011 by Roy Kuga from Pacific Gas and Electric Company (PG&E) and Hugh Smith from HL Power Company. (PG&E Log No. 10P005)

This agreement (Extension Agreement) sets forth the Parties' agreement to extend the Second Amendment executed on 9/12/2011 between Pacific Gas and Electric Company and HL Power Company for one year (the Extension Period), subject to CPUC Approval as specified herein.

1. From the termination date set forth in the Second Amendment until PG&E obtains CPUC Approval for this Extension Agreement (the Pre-Extension Period), HL Power Company shall be paid per the "Prior to CPUC Approval" section of the Second Amendment (Section 3.1(f)(i)), which section is hereby incorporated into and made part of this Extension Agreement solely to the extent necessary to accomplish this purpose.
2. For this Extension Agreement to become effective, CPUC Approval must include a finding that payments made by PG&E under this Extension Agreement are reasonable and are recoverable in rates by PG&E.
3. PG&E shall make good faith efforts to file this Extension Agreement in a timely manner. If CPUC Approval is not obtained on or before two hundred forty (240) days from the date on which PG&E files this Extension Agreement for CPUC Approval, then (i) either Party may terminate this Extension Agreement effective upon receipt of notice by the other Party and (ii) if a Party terminates this Extension Agreement, neither Party shall have any obligation or liability to the other hereunder, including for a termination payment or otherwise, by reason of a termination made pursuant to this provision.
4. If CPUC Approval is obtained, PG&E shall pay to HL Power Company a one-time lump-sum true-up of the difference between the price paid during the Pre-Extension Period referenced in

section 1, above, and the agreed-upon price for the Extension Period (the Extension Period Price). Thereafter, for the remainder of the one-year Extension Period, Seller shall receive the Extension Period Price.

Best regards,

Marino Monardi
Marino Monardi
Director, Portfolio Management
Pacific Gas and Electric Company

AGREED AND ACCEPTED DATE:

19 Nov 2013

Concurring Statement

ACCEPTED AND AGREED:

HL POWER COMPANY,
a California Limited Partnership

By: Hugh Smith
Hugh Smith, President

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blasing McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	K&L Gates LLP	Southern California Edison Company
Calpine	Kelly Group	Spark Energy
Casner, Steve	Linde	Sun Light & Power
Center for Biological Diversity	Los Angeles Dept of Water & Power	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	